Workers' Compensation Board Superannuation Plan

2002 Annual Report

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Workers' Compensation Board Superannuation Plan

2002 Annual Report

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Message from the Trustees

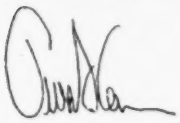
We are pleased to provide you with the Workers' Compensation Board (WCB) Superannuation Plan Annual Report for the fiscal year ending March 31, 2002. On behalf of the plan's trustees, we would like to welcome all new members to the plan.

There are currently approximately 3,000 active plan members and 750 retired plan members. This year over 40 new pensions were granted.

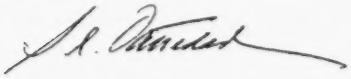
The WCB Superannuation Plan is financially sound. Every three years, an independent actuary assesses the plan's financial health and the adequacy of contribution rates for funding the plan. The most recent actuarial valuation viewed the plan as at March 31, 2000, and showed a net actuarial surplus of $108 million.

While the surplus has since declined due to financial market conditions and the events of September 11, there remains sufficient room for the 50% contribution holiday to continue for members during 2002. The next actuarial valuation is scheduled for March 31, 2003.

The Pension Corporation administers the plan. In the future, the trustees will continue to build on our record of careful management, maintaining the same high standards of performance and service to our members.



Owen Carr



Sid Fattedad

Trustees as of March 31, 2002

Plan Member Representative
Owen Carr

Workers' Compensation Board Representative
Sid Fattedad

The WCB Superannuation Plan

The WCB Superannuation Plan is a defined benefit pension plan. This means the member's basic pension is guaranteed regardless of the financial health of the plan. Benefits are based on the employee's length of service, age at retirement and highest five years of salary. Members are entitled to a pension benefit after two years of enrolment in the plan. The plan also provides survivor and disability benefits.

The British Columbia Pension Corporation provides benefit administration services for the plan.

Communications

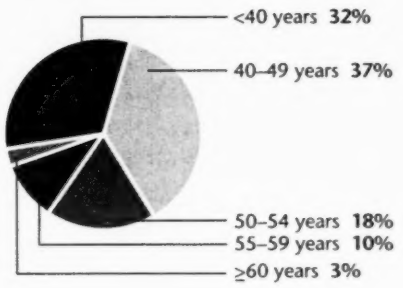
Communicating with plan members is a priority. The Pension Corporation produces *Pensionfacts*, a series of information sheets on various topics, and a newsletter for retired members.

Financial And Operational Highlights

Investments as at March 31, 2002

	2002	2001
Market Value ($ Millions)	**$610.0**	$586.4
Basic Account Rates of Return		
Annual	**4.1%**	-3.1%
Five-year Average	**8.6%**	10.9%
Annual Rates of Return Performance Benchmark	**4.2%**	-5.6%

2002 Age Profile of Active Members

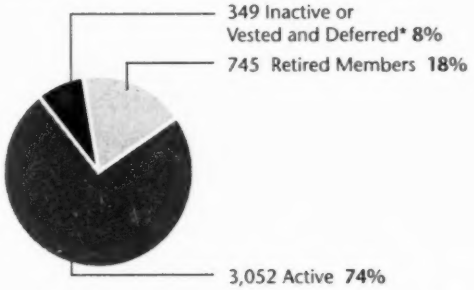


Latest Actuarial Valuation as at March 31, 2000

$ Millions

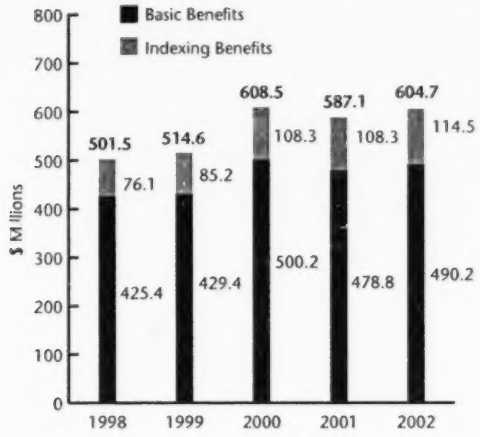
	Basic Pension Benefits 2000	1997
Actuarial Net Assets	524	305
Actuarial Liabilities	416	252
Net Actuarial Surplus	108	53

2002 Membership Profile



* Members no longer employed, but with money in the plan.

Net Assets Available for Benefits as at March 31, 1998–2002



Five-year Summary Statement of Changes in Net Assets Available for Benefits (Unaudited)

$ Thousands

For the year ended March 31	2002	2001	2000	1999	1998
Increase (Decrease) in Assets					
Net Investment Income (Loss)	23,662	(17,335)	93,400	14,814	91,610
Contributions					
Members'	5,846	5,538	5,157	4,760	8,068
Employer	1,155	4,422	6,432	4,183	10,194
Transfers from Other Plans	2,048	684	27	0	0
Total Increase (Decrease) in Assets	32,711	(6,691)	105,016	23,757	109,872
Decrease in Assets					
Pension Benefits	12,182	11,402	10,043	8,503	7,725
Termination Benefits	2,146	2,746	738	1,854	1,196
Transfers to Other Plans	520	187	55	0	131
Administration Costs	297	346	297	302	582*
Total Decrease in Assets	15,145	14,681	11,133	10,659	9,634
Increase (Decrease) in Net Assets	17,566	(21,372)	93,883	13,098	100,238
Net Assets Available for Benefits at Beginning of Year	587,097	608,469	514,586	501,488	401,250
Net Assets Available for Benefits at End of Year	$604,663	$587,097	$608,469	$514,586	$501,488

* The 2001 Annual Report reported 7,518; the correct figure is 582.

Roles and Responsibilities

The British Columbia Investment Management Corporation (bcIMC) provides investment management services within the investment policies approved by the trustees.

The British Columbia Pension Corporation (Pension Corporation) is the provider of benefit administration services to the pension plan.

Investments

Message from the Chief Investment Officer

Market Review

Despite some occasional financial shocks (e.g., the Asian crisis), the 1990s was an incredible decade for capital markets. The boom was attributable to many factors, including a prolonged economic expansion and productivity increases resulting from technological innovations, globalization, and expanded world trade. Markets also benefited from positive demographic trends, improved fiscal performance, as well as declining inflation, unemployment, and interest rates.

The positive economic and investment environment bolstered investor confidence and resulted in a significant shift in investment activity from fixed income securities to equities. Some companies' shares were pushed to extreme valuations, based on the expectation that their earnings would continue to experience strong growth. This was particularly prevalent in technology companies and led to warnings from the U.S. Federal Reserve Chair about investors' "irrational exuberance."

Most equity markets reached a cyclical peak in 2000. Since that time, stock markets have been very volatile and there has been significant correction in the underlying valuation of many companies. In terms of economic conditions, there has been a marked reduction in capital spending and economic growth during the past two years. One of the biggest concerns has been the fact that this has been a synchronized downturn, as essentially all industrial countries have experienced an economic slowdown. This prompted central banks to aggressively cut interest rates. For example, the U.S. Federal Reserve cut the federal funds rate 11 times in 2001, dropping the benchmark rate from 6% to 1.7%.

Stocks prices dropped precipitously in September following the terrorist attack on the World Trade Center. They rebounded strongly in the fourth quarter of 2001, as economic growth ended up being stronger than anticipated. However, concerns over accounting and auditing irregularities associated with Enron and Arthur Anderson caused a further drop in stock prices in 2002. The net effect was that fiscal 2001/02 was a relatively weak year for stock markets. For example, in Canadian dollar terms, the S&P 500 index provided investors a 1.4% rate of return in fiscal 2001/02.

The failure of Enron's board of directors, its auditor or market analysts to disclose the problems of the company has shaken the confidence of many small retail investors in the integrity of the market. It also reinforced the importance of taking a proactive role in corporate governance for institutional investors. Significantly, during fiscal 2001/02, bcIMC engaged in a comprehensive review and rewrite of its proxy voting and corporate governance guidelines.

The impact of volatile markets on the returns of the fund was mitigated by holding a diversified portfolio and by other defensive measures taken by the British Columbia Investment Management Corporation. The net effect was that despite weak stock markets, the Basic Account still earned a 4.1% return in fiscal 2001/02.

While last year's returns were lower than desired, the diversified approach to fund management has provided strong long-term results. For example, the eight-year annualized return of the Basic Account is still 9.8%. In addition, the correction experienced during the past two years has actually improved long-term prospects by eliminating some excesses in equity markets.

While I am hopeful that the worst may be behind us, I also believe that returns over the next decade will be much more subdued than was experienced in the 1990s. We also expect that markets will continue to exhibit a high degree of volatility. Maintaining a diversified portfolio and disciplined approach is critical to protecting the pension fund assets in these uncertain times.

Organizational Review

The bcIMC is an independent trust company and is governed by a consortium of its clients. Our board consists of seven directors representing over 90% of the funds under our administration. However, in terms of investment activity, we are an agent of the Workers' Compensation Board Superannuation Fund and are directly accountable to the fund's trustees. In fact, we feel that our primary role is to serve as the fund's internal investment staff.

The revised governance structure is functioning well and has led to a significant strengthening of the organization. Clearly, having a more dynamic and flexible organization is critical in meeting the challenges of managing global portfolios in today's volatile markets.

Looking forward, we have several strategic objectives for the current year and the future. The first is to continue improving risk management operations. The second is to meet the challenges of one-day security settlement and straight-through processing. Finally, we will continue to emphasize our goal of being a responsible investor and take a more active role in corporate governance. Unfortunately, not enough institutional investors dedicate adequate resources to fulfill this important fiduciary duty.

More information about the agency, our investment team and our management approach can be found at our web site **www.bcimc.com**.

Doug Pearce
Chief Investment Officer/Chief Executive Officer
British Columbia Investment Management Corporation

Approved Basic Account Investment Asset Mix

Asset Class	Market Value Lower Limit (%)	Market Value Upper Limit (%)
Debt	**25**	**45**
Short-term	0	10
Bonds	20	40
Mortgages	0	10
Equity	**55**	**75**
Canadian Equities	10	30
U.S. Equities	5	20
International Equities	10	25
Real Estate	0	12
Private Placements	0	6

Approved Investment Asset Mix

The WCB Superannuation Plan holds a diversified portfolio of debt and equity investments. Diversification of assets and investment styles is an important component of investment strategy for the fund because it decreases investment risk.

The trustees approved the asset mix range in the accompanying table. Targets for strategic and short-term allocation of assets must fall within the approved asset mix. For purposes of the asset mix, short-term includes Canadian government bonds with one- to five-year terms and money market securities.

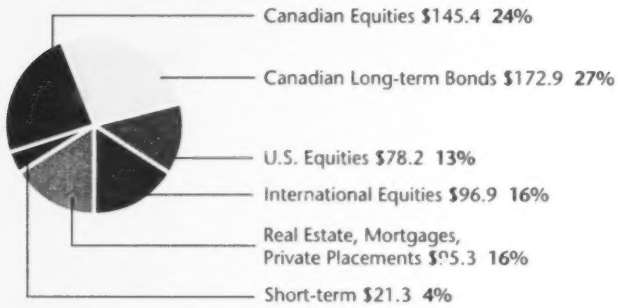
Investment Portfolio

Investments Held as at March 31, 2002

	Market Value ($)	Asset Mix Market Value (%)
Province of BC Pooled Investment Portfolio Units		
Money Market	11,920,701	2
Canadian Bonds		
Government	132,632,299	21
Corporate	24,017,280	4
Short-term Bonds (to 5 years)	9,424,505	2
Canadian Equities		
Indexed	96,358,036	16
Actively Managed	48,928,209	8
U.S. Equities		
Indexed	49,492,712	8
Actively Managed	28,722,534	5
International Equities		
Asia	16,567,170	3
Europe	30,181,221	5
Europe, Australia and the Far East	50,192,800	8
Real Estate	58,782,084	10
Mortgages	20,764,519	3
Private Placements	15,752,811	3
Total Pooled Portfolios	**$593,736,880**	**97%**
Canadian Real Return Bonds	16,256,160	2
Total Investments	**$609,993,040**	**100%**
2001 Comparison	586,350,916	

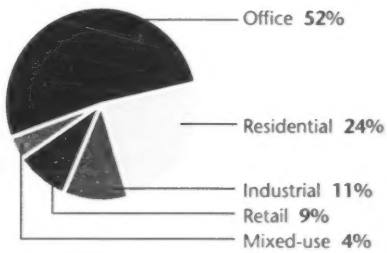
2002 Investment Holdings (Market Value)

$ Millions


Canadian Equities $145.4 24%
Canadian Long-term Bonds $172.9 27%
U.S. Equities $78.2 13%
International Equities $96.9 16%
Real Estate, Mortgages, Private Placements $95.3 16%
Short-term $21.3 4%

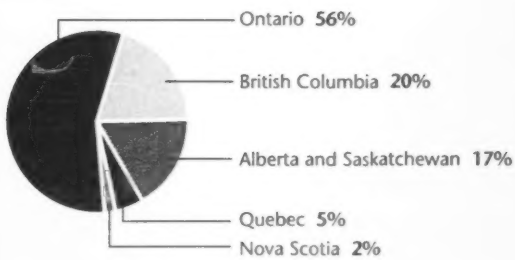
Canadian Equities (Market Value)

Real Estate, by Type



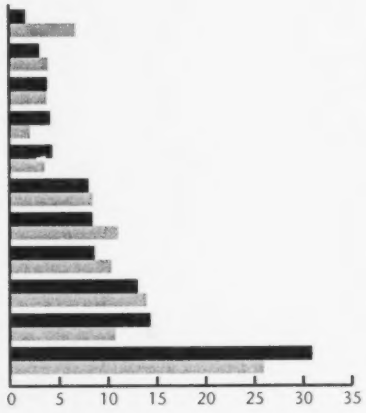
U.S. Equities (Market Value)

Real Estate, by Location



Canadian Equities, by Sector

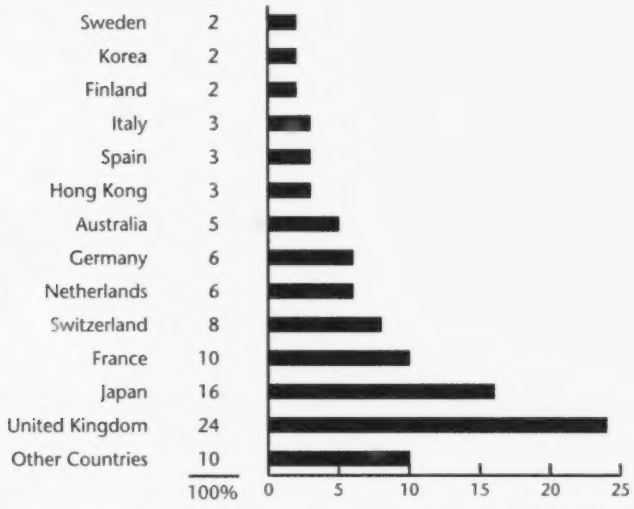
	Indexed (%)	Actively Managed (%)
Cash and Other	1.6	6.7
Health Care	3.0	3.9
Consumer Staples	3.8	3.7
Utilities	4.1	2.0
Telecommunication Services	4.3	3.5
Information Technology	8.0	8.4
Consumer Discretionary	8.4	11.0
Industrial Products	8.6	10.3
Energy	13.0	13.9
Materials	14.3	10.7
Financial Services	30.9	25.9
	100%	100%



U.S. Equities, by Sector

	Indexed (%)	Actively Managed (%)
Materials	3.5	4.2
Cash and Other	3.8	2.7
Utilities	3.9	3.3
Telecommunication Services	5.7	3.3
Consumer Staples	6.8	5.7
Energy	8.5	6.4
Health Care	10.8	14.2
Industrials	11.0	13.9
Consumer Discretionary	13.1	15.7
Information Technology	13.3	15.1
Financial Services	19.6	15.5
	100%	100%

International Equities (%)



Investment Performance

Net Earned Rate of the Fund

Year	%
1998	13.5
1999	12.0
2000	13.8
2001	10.9
2002	**8.6**

Rates of return are based on a five-year average.

Market Value Rates of Return for the Year Ended March 31, 2002

	Basic Account (%)	Inflation Adjustment Account (%)	Basic Account Performance Benchmarks (%)	
Five-year Average Rates				
2002	**8.6**	**8.7**	**8.6**	
2001 Comparison	10.9			
Annual Rates				
2002	**4.1**	**4.0**	**4.2**	
2001 Comparison	-3.1	-3.1	-5.6	
2002 Annual Rates by Investment Category				**2002 Performance Benchmark Indices**
Short-term				
Money Markets	3.9	3.9	3.7	SCI 91-Day Treasury Bills
Bonds	5.9	6.0	5.6	SCI All Government Short-term
Bonds				
Government	5.0	5.0	4.7	SCI All Government Universe
Corporate	6.6	6.6	6.3	SCI All Corporate Universe
Long-term	4.0	4.0	3.7	SCI All Government Long-term
Real Return	–	2.0	2.3	SCI Real Bond
Canadian Equities				
Actively Managed	10.3	10.3	5.2	TSE 300 Capped
Indexed	5.4	5.4	4.9	TSE 300
U.S. Equities				
Actively Managed	5.3	5.3	2.1	R 1000
Indexed	1.3	1.3	1.4	S&P 500
U.S. Value	-3.2	-3.2	-3.2	S&P 500 Value
U.S. Enhanced	-0.7	-0.7		
International Equities				
Asia	-4.9	-4.9	-14.8	MSCI Pacific Basin Net
Europe	-4.5	-4.5	-4.4	MSCI Europe Net
Europe, Australia and the Far East	-4.8	-4.8	-7.3	MSCI Europe, Australia, Far East Net
Real Estate	7.4	8.0	5.8	CPI + 4%
Mortgages				
Fixed-term	6.3	6.3	6.3	SCI Short-term Bonds + 1%
Construction	5.6	5.6	5.7	SCI One-year Bill + 1%
Specialty	9.0	9.0	7.3	SCI One-year Bill + 2.5%

Performance Benchmark Indices Abbreviations

CPI	=	Canadian Property Index
SCI	=	Scotia Capital Inc.
S&P	=	Standard & Poor's
MSCI	=	Morgan Stanley Capital International
MSCI EAFE	=	Morgan Stanley Capital International Europe, Australia & Far East
R	=	Russell
TSE	=	Toronto Stock Exchange

(Source of annual rates: British Columbia Investment Management Corporation)

Actuarial Valuation/Plan Funding

Employees and employers both contribute to the plan. At least every three years, an independent actuary assesses the adequacy of the contribution rates for funding the pension plan. The latest valuation examined the plan as at March 31, 2000, and disclosed an actuarial surplus of $108 million. The next valuation will be as at March 31, 2003.

Latest Actuarial Valuation as at March 31, 2000
$ Millions

	Basic Pension Benefits	
	2000	1997
Actuarial Net Assets	524	305
Actuarial Liabilities	416	252
Net Actuarial Surplus	108	53

Plan Benefits

The value of a pension depends on a number of factors, including the member's age, salary and length of service at the time of retirement.

The table below shows the average asset value ("present value") of pensions granted during 2001–2002. The asset value represents the approximate cost of purchasing an average pension provided under the WCB Superannuation Plan.

Pensions

The number of retired members continues to grow with the aging of the membership. The number of retired members on the payroll increased 3% from 2001 to 2002.

Pensions are paid at the end of each month, beginning with whichever of the following comes latest:

- the month following the month in which the plan member becomes eligible
- the month following the month in which the plan member receives the final salary payment, or
- the month in which the Pension Corporation receives the member's application.

The plan pays a full month's pension for the month in which a pensioner dies.

Average Value of Regular Pensions Granted April 1, 2001 to March 31, 2002
Subdivided by years of service

Years of Service *	Number of Pensions Granted	Average Annual Salary Base	Average Annual Pension (Single Life Option)	Average Present Value of Pensions	Total Present Value of Pensions ($ Millions)
<10 yrs	2	61,050	7,575	100,171	0.2
10–14	7	63,286	10,317	146,074	1.0
15–19	3	49,049	15,332	208,501	0.6
20–24	8	50,728	16,122	227,317	1.8
25–29	5	57,918	23,854	332,431	1.7
30–34	2	75,003	39,731	506,956	1.0
≥35	1	59,381	26,998	478,576	0.5
Total	**28**	**n/a**	**n/a**	**n/a**	**6.8**
All Pension Average	n/a	$57,752	$17,431	$243,627	n/a

* Years of service includes service transferred from other plans.

Pensions 1998–2002

	Granted during Year	Pension Terminations	In Force at End of Year	Basic Pensions Paid ($ Millions)	Inflation Supplements Paid ($ Millions)	Total ($ Millions)
1998	41	17	596	6.1	1.6	7.7
1999	47	17	626	6.9	1.6	8.5
2000	89	12	703	8.3	1.6	10.0
2001	36	15	724	9.5	1.9	11.4
2002	**37**	**16**	**745**	**10.1**	**2.1**	**12.2**

Pensions Granted, by Type 1998–2002

	Normal*	Death*	Disability+	Deferred	Total
1998	36	2	2	1	41
1999	38	1	5	3	47
2000	76	4	5	4	89
2001	27	–	4	5	36
2002	**28**	**–**	**5**	**4**	**37**

* Pensions granted do not include any pension continued to a beneficiary upon the death of a retired member.
\+ Includes members on long-term disability who became eligible for a regular pension.
Note: 29 pensions estimated and paid in 2000 were finalized completely in 2001.
These pensions are included in 2000 in the above tables.

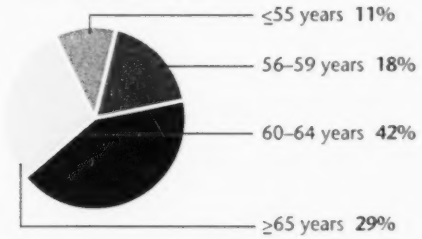
2002 Regular Pensions, Age at Retirement

Subdivided by years of service and age at retirement

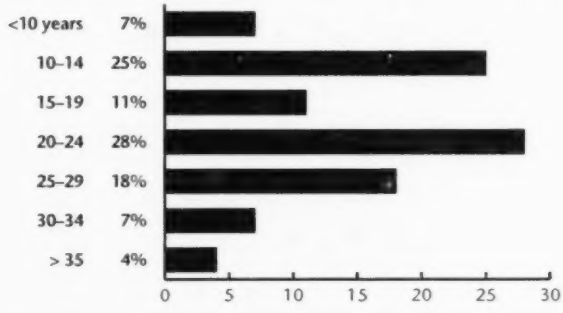
Years of Service	55	56–59	60–64	65+	Total
<10 yrs	–	–	1	1	2
10–14	–	2	3	2	7
15–19	–	1	1	1	3
20–24	1	2	3	2	8
25–29	1	–	2	2	5
30–34	–	–	2	–	2
>35	1	–	–	–	1
Total	**3**	**5**	**12**	**8**	**28**

Percentage of 2002 Regular Pensions Granted by Age

Normal retirement – age 65



Percentage of 2002 Regular Pensions by Years of Service



Termination Benefits

A terminating member may be eligible for one or more of the following benefits:

- a refund of contributions with interest
- a transfer of the commuted value of the pension benefit to a locked-in registered retirement savings plan or a registered pension plan, or
- a deferred pension.

After January 1, 1998, a terminating member with two or more years of service can claim vested, locked-in benefits in the form of a transfer of the commuted value or a deferred pension.

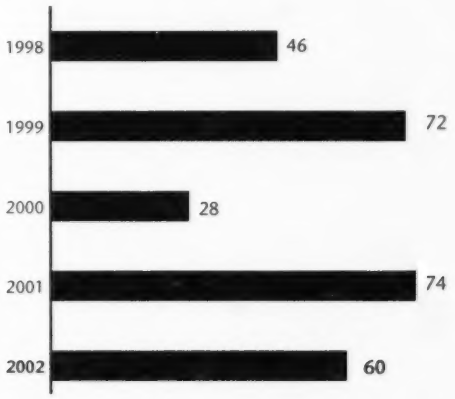
The number of termination benefits paid can vary from year to year. In 2002, the total value of termination benefits decreased as a result of a decrease in the total number of benefits paid.

If a non-vested member leaves the plan and takes a refund of contributions, the refund includes interest. Interest is credited to the member's contribution balance and the balance, including interest, is included in the plan member's annual benefit statement.

Value of Termination Benefits Paid

$ Thousands

Number of Termination Benefits Paid



Termination benefits include either refunds of contributions or commuted value transfers; deferred pensions are included in pension statistics.

Annual Rates for Interest Credited to Contribution Balances

Year	%
1997/98	6.25
1998/99	11.25
1999/00	13.5
2000/01	12.0
2001/02	**13.75**

Portability Provisions

Portability allows a member of a pension plan to transfer pension rights and contributions to another plan. For instance, members of the WCB Superannuation Plan may transfer their years of pensionable service and plan contributions to a new plan at a different place of employment if the WCB has a portability agreement with the new plan. Employers who allow transfers of pension rights to other employers or pension plans are referred to as "reciprocal employers." Members of the WCB Superannuation Plan who have made contributions to another pension plan should inquire about portability agreements.

In 2002, the plan received 25 reciprocal transfers-in for approximately $2,048,000 and paid 13 transfers-out for approximately $520,000.

Amendments to plan benefits in the prior year included changes to the reciprocity between our plan and other plans administered by the Pension Corporation (College, Public Service, Municipal and Teachers') in order to bring them into compliance with the *Income Tax Act* (Canada). Reciprocity continues, but under the *Interplan Pension Transfer Agreement*.

Purchase of Additional Service

It may be possible for plan members to purchase additional service. This may include:

- approved leaves of absence
- arrears contributions
- non-contributory services, or
- reinstatement of refunded contributions.

Member and Employer Purchases of Additional Service

	Number of Purchases		Value of Purchases $ Thousands	
	2002	2001	**2002**	2001
Approved Leaves of Absence	**5**	10	**15**	7
Arrears Contributions	**7**	6	**29**	16
Non-contributory Service	**–**	–	**–**	1
Reinstatement of Refunded Contributions	**5**	2	**88**	51
Total	**17**	18	**132**	75

* 2001 purchases have been adjusted to include employer purchases dollars.

Plan Members

Members and Contributions

Today there are approximately 3,000 active members and 700 retired members in the WCB Superannuation Plan.

There are three categories of contributors.

- Active—those who are currently contributing to, or are receiving benefits from an approved salary continuance plan or are on a leave of absence.
- Inactive—those who are no longer employed but who have contribution balances on record and are not eligible for a pension in the future.
- Vested and deferred—those who are no longer employed and are eligible for a future pension. From 1998 on, the number of vested and deferred members includes inactive members who are active in another BC Family of Plans* pension plan and are likely to have a vested entitlement on the basis of a combined plan.

---

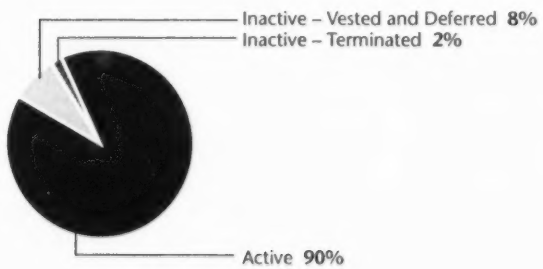
* Effective October 1, 1999, the BC Family of Plans was replaced by the provisions of a new Interplan Pension Transfer Agreement.

Number of Contributors

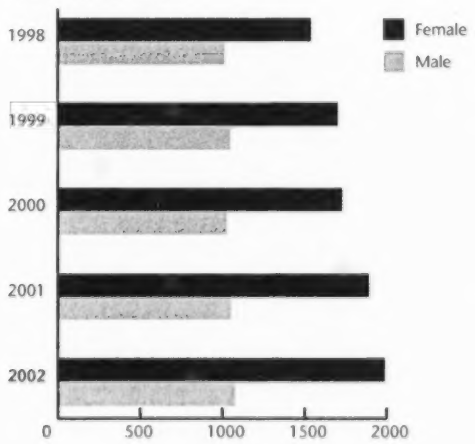
	Active	Inactive	Vested and Deferred	Total
1998	2,592	132	139	2,863
1999	2,745	119	162	3,026
2000	2,814*	86*	235	3,135
2001	2,925	71	254	3,250
2002	**3,052**	**79**	**270**	**3,401**

Note: Historical statistics have been restated to include leave of absence as active.
* 2000 figures updated from 2000 annual report.

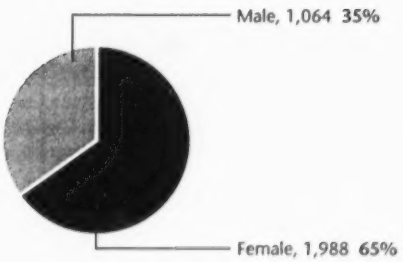
2002 Member Profile



Active Members

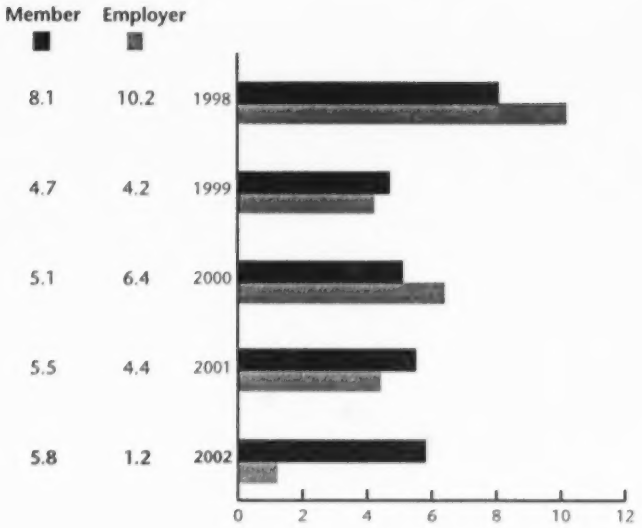


2002 Active Member Profile



Contributions

$ Millions



Financial Statements

KPMG LLP
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AUDITORS' REPORT

To the Members of the Workers' Compensation Board Superannuation Plan

We have audited the statement of net assets available for benefits of the Workers' Compensation Board Superannuation Plan as at March 31, 2002 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administrator, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the Plan's net assets available for benefits as at March 31, 2002 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada
July 5, 2002

KPMG LLP, a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International, a Swiss nonoperating association.

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CORPORATION

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WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN

ADMINISTRATIVE AGENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Workers' Compensation Board Superannuation Plan were prepared by the British Columbia Pension Corporation, the administrative agent for the pension plan. The Corporation prepares the financial statements in accordance with generally accepted accounting principles and is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Annual Report for the pension plan conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, the Corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The firm of Eckler Partners Ltd. has been appointed the independent consulting actuary to the Plan. The role of the actuary is to complete an actuarial valuation of the Plan in accordance with accepted actuarial practice; the results of the valuation are included in the financial statements.

The firm of KPMG LLP has been appointed the independent auditor to the Plan. The role of the auditor is to perform an independent audit of the financial statements of the pension plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the auditors' report attached to these financial statements.

JOHN A. MOCHRIE
Chief Executive Officer
British Columbia Pension Corporation

P. LOUISE YOUNG, C.A.,
Vice-President, Information Management,
Finance and Administration
British Columbia Pension Corporation

July 5, 2002

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

March 31	2002	2001
ASSETS		
Investments (Note 3)	$ 609,993	$ 586,351
Receivables		
Due from sale of investments	4,900	6,386
Members' contributions	604	426
Employer's contributions	532	119
Accrued investment income	211	148
Other	4	24
	6,251	7,103
Cash	3	22
Total Assets	616,247	593,476
LIABILITIES		
Accounts payable and accrued expenses	834	936
Payable for purchase of investments	10,750	5,443
Total Liabilities	11,584	6,379
NET ASSETS AVAILABLE FOR BENEFITS	$ 604,663	$ 587,097

Obligations for Pension Benefits (Note 7)
Commitments (Note 10)

All accompanying notes are an integral part of these financial statements.

Sid Fattedad
Workers' Compensation Board of British Columbia
Trustee

Owen Carr
Workers' Compensation Board of British Columbia
Trustee

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

For the year ended March 31	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Totals 2002	Totals 2001
INCREASE (DECREASE) IN ASSETS					
Investment income (loss) (Note 4)	$ 19,337	$ 4,325	$ -	$ 23,662	$ (17,335)
Contributions (Note 5)					
Members'	4,208	1,638	-	5,846	5,538
Employer	23	1,081	51	1,155	4,422
	4,231	2,719	51	7,001	9,960
Transfers from other plans	1,524	524	-	2,048	684
Total Increase (Decrease) in Assets	25,092	7,568	51	32,711	(6,691)
DECREASE IN ASSETS					
Pension benefits					
Contributory	10,034	-	51	10,085	9,550
Indexing supplements	2,097	-	-	2,097	1,852
	12,131	-	51	12,182	11,402
Termination benefits	1,499	647	-	2,146	2,746
Transfers to other plans	375	145	-	520	187
Benefit administration costs (Note 8)	297	-	-	297	346
Total Decrease in Assets	14,302	792	51	15,145	14,681
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	10,790	6,776	-	17,566	(21,372)
Account transfers (Note 6)	670	(670)	-	-	-
INCREASE (DECREASE) IN NET ASSETS	11,460	6,106	-	17,566	(21,372)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	478,757	108,340	-	587,097	608,469
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 490,217	$ 114,446	$ -	$ 604,663	$ 587,097

Supplemental Benefits Account (Note 9)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN

The following brief description of the Workers' Compensation Board Superannuation Plan (the Plan) is provided for general information only. For more information refer to the Plan document.

a) General

The Plan is a contributory defined benefit pension plan open to all eligible employees and members of the Workers' Compensation Board (WCB) Panel of Administrators.

b) Roles and Responsibilities

The British Columbia Investment Management Corporation (bcIMC) provides investment management services to the Plan, within approved investment policies.

The British Columbia Pension Corporation (Pension Corporation) is the provider of benefit administration services to the Plan.

c) Contributions

Basic Account

As a result of the 50% contribution holiday for members, which was implemented in 1999, member contributions to the Basic Account during the year were 2.25% of salaries up to the Canada Pensions Plan Year's Maximum Pensionable Earnings (YMPE) ($39,100 in 2002) and 3% of salaries above that. This partial contribution holiday has been extended to December 31, 2002.

The employer matched member contributions until December 2000, at which time employer contributions were fully suspended. The suspension occurred because the March 31, 2000 actuarial valuation surplus exceeded the limit permitted by the *Income Tax Act* (Canada).

Inflation Adjustment Account

Members contribute 1.0% of salaries to the IAA and the employer also contributed 1.0% of salaries to the IAA until December 2000, at which time employer contributions were fully suspended. Employer inflation contributions were reinstated August 2001.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (CONTINUED)

d) Pension Benefits

All members with two years of contributory service are eligible for a pension benefit. Members are eligible for unreduced pension benefits:

- at age 65;
- at age 60, with at least 2 years contributory service; or
- at age 55 or older, with a total of age plus years of service equalling 90 or more.

Other retiring members have a reduction formula applied to their pensions.

The plan benefit is integrated with the Canada Pension Plan (CPP). As a result, the Plan provides an unreduced benefit of 1.3% of pensionable earnings, up to the CPP Year's Maximum Pensionable Earnings (YMPE) and 2% of pensionable earnings over the YMPE, for each year of pensionable service (to a maximum of 35 years). Pensionable earnings is based on the member's highest five-year average salary (HAS). The Plan also provides an unreduced bridging benefit with CPP which is payable to age 65 (or the date of death, if earlier). The bridging benefit is 0.7% of the lesser of YMPE or the HAS.

Increases to pension payments may be provided each January 1 in accordance with the indexing provisions of the Plan. These increases are based on the annual increase in the Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds in the Inflation Adjustment Account (Note 6 and 7).

At January 1, 2002 retired members received a full CPI increase 2.6% (2001 – 2.7%).

e) Termination and Portability Benefits

A terminating member who has not reached the earliest age at which the member would be eligible to receive an immediate pension is eligible to choose one or more of the following benefits:

- a deferred pension; or
- a refund of contributions with interest; or
- a transfer of the commuted value of the pension benefit (the minimum value is the members' contributions with interest) to a locked-in Registered Retirement Savings Plan or similar tax-sheltered plan.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (CONTINUED)

e) Termination and Portability Benefits (continued)

A terminating member may also choose to leave monies on deposit in anticipation of possible future entitlements.

Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

f) Other Benefits

Disability and survivor benefits are also available under the Plan. Supplemental benefits (Note 9) may also be funded from the Supplemental Benefits Account of the pension fund. Under certain circumstances, members may also reinstate or purchase additional service to increase their future pension benefits.

g) Income Taxes

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada), except for supplemental benefits (Note 9), which are funded in addition to the RPP by the Worker's Compensation Board. The RPP is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements present the Plan as a separate financial reporting entity, independent of the Plan's contributing employer and members. The Statement of Net Assets Available for Benefits shows the assets under control of the trustees of the Plan, and does not purport to show their adequacy to meet the obligations of the Plan.

b) Investments

Investments are stated at market value. Market value is derived from external quotations or appraisals. Investment purchases and sales are recorded on trade date.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investment Income

Investment income is recorded on the accrual basis.

d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases of assets during the period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of investments and the estimate of the actuarial surplus for the Basic Account.

3. INVESTMENTS (Market Value)

	2002			2001
	Basic Account	Inflation Adjustment Account	Total	Total
			($ Thousands)	
Short-term	$ 9,376	$ 2,544	$ 11,920	$ 16,710
Canadian Bonds	147,094	35,235	182,329	181,037
Canadian Equities	133,121	27,978	161,099	166,663
U.S. Equities	47,823	14,580	62,403	63,514
International Equities	78,528	18,414	96,942	69,268
Mortgages	16,849	3,916	20,765	20,211
Real Estate	47,924	10,858	58,782	54,279
Private Placements	15,507	246	15,753	14,669
	$496,222	$113,771	$609,993	$586,351

Plan investments consist primarily of direct ownership in units of pooled investment portfolios, managed by the bcIMC. Each unit gives its holder a proportionate share in the net assets of the respective pooled fund. One or more pooled investment portfolios exist for different types of investments, such as short-term investments, Canadian bonds and Canadian equities.

3. INVESTMENTS (CONTINUED)

Short-term investments consist primarily of Canadian money market securities, such as treasury bills, with terms of 15 months or less. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares, and in the case of international equities refer to investments in Europe, Australia and the Far East.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. Real estate investments consist mainly of Canadian diversified income-producing properties. Private placements refer to Canadian and international long-term debt or equity investments made outside the structure of public markets (Note 10).

The mortgages are secured by real estate and are valued using current market yields. The real estate is valued at least semi-annually by the real estate investment managers and on average, annually by external appraisal to establish current market values. Private placements are valued annually.

4. INVESTMENT INCOME

	2002			2001
	Income Allocation	Current Period Change In Market Value	Total	Total
			($ Thousands)	
Basic Account				
Short-term	$ 423	$ (3)	$ 420	$ 907
Canadian Bonds	8,568	(1,239)	7,329	13,205
Canadian Equities	2,333	7,324	9,657	(14,278)
U.S. Equities	871	327	1,198	(8,420)
International Equities	1,199	(3,558)	(2,359)	(12,336)
Mortgages	1,118	(138)	980	1,594
Real Estate	2,500	1,169	3,669	3,957
Private Placement	126	(968)	(842)	2,203
	$17,138	$ 2,914	$20,052	$(13,168)
Investment Management Costs			(715)	(659)
Net Investment Income (Loss)			$19,337	$(13,827)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

4. INVESTMENT INCOME (CONTINUED)

	2002			2001
	Income Allocation	Current Period Change In Market Value	Total	Total
			($ Thousands)	
Inflation Adjustment Account				
Short-term	$ 137	$ (1)	$ 136	$ 306
Canadian Bonds	1,906	(343)	1,563	3,183
Canadian Equities	526	1,564	2,090	(3,672)
U.S. Equities	217	19	236	(1,822)
International Equities	276	(835)	(559)	(2,585)
Mortgages	255	(24)	231	374
Real Estate	569	252	821	834
Private Placements	-	(42)	(42)	-
	$3,886	$ 590	$ 4,476	$ (3,382)
Investment Management Costs			(151)	(126)
Net Investment Income (Loss)			$ 4,325	$ (3,508)
Total Basic and Inflation Adjustment Accounts				
Total Investment Income (Loss)			$24,528	$(16,550)
Total Investment Management Costs (Note 8b)			(866)	(785)
Total Net Investment Income (Loss)			$23,662	$(17,335)

The income allocation portion of investment income represents pooled investment portfolio income attributable to the pension fund, as a unitholder, and as calculated by the bcIMC, as well as interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

5. CONTRIBUTIONS

	2002				2001
	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total	Total
				($ Thousands)	
Members' contributions					
Regular	$4,103	$1,636	$ -	$5,739	$5,475
Arrears	13	1	-	14	7
Purchase of non-contributory service	-	-	-	-	-
Leave of absence	4	1	-	5	5
Refund reinstatement	88	-	-	88	51
	4,208	1,638	-	5,846	5,538
Employer's contributions					
Regular	1	1,078	51	1,130	4,184
Early retirement incentive program	-	-	-	-	226
Arrears	14	1	-	15	9
Purchase of non-contributory service	-	-	-	-	1
Leave of absence	8	2	-	10	2
	23	1,081	51	1,155	4,422
Total Contributions	$4,231	$2,719	$ 51	$7,001	$9,960

6. ACCOUNT TRANSFERS

	2002		2001	
	Basic Account	Inflation Adjustment Account	Basic Account	Inflation Adjustment Account
		($ Thousands)		
Present value of current indexing supplements	$ 2,768	$(2,768)	$ 2,610	$(2,610)
Indexing of deferred pensions	12	(12)	256	(256)
Excess interest	(2,110)	2,110	(4,068)	4,068
	$ 670	$ (670)	$(1,202)	$ 1,202

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

6. ACCOUNT TRANSFERS (CONTINUED)

A separate account is maintained for funding current and future indexing supplements. This Inflation Adjustment Account (IAA) is funded through a portion of ongoing contributions from the employer and members (Note 1c), from investment income earned on its own assets, and from excess interest earned in the Basic Account.

All pension payments are made from the Basic Account. Each year, when retired members' pension payments are adjusted for current indexing, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current indexing supplements.

When a deferred pension begins to be paid, the present value of the cost of living changes during the deferral period is transferred from the IAA to the Basic Account.

Excess interest is based only on investment income earned on those Basic Account assets required for pensions currently being paid (approximately $112.5 million of assets for 2002, $105.7 million for 2001). The excess interest rate of return is determined by taking the difference between the actual market rate of return (based on a five-year average) and the rate of return used by the actuary (7%) in valuing the Plan's liabilities. The calculated excess interest rate of return for 2002 was 1.6% (2001 – 3.85%). Should the excess interest rate calculation ever result in a negative return, the negative return will be carried forward and offset against future excess returns.

7. OBLIGATIONS FOR PENSION BENEFITS

An actuarial valuation is performed at least every three years by an independent actuary and its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan.

The Basic Account is the account from which the defined basic benefits of the Plan are paid and from which any indexing that has been granted to retired members is also paid. Future indexing benefits are not guaranteed within the plan provisions and are granted to retired members only to the extent that sufficient money is available from the Inflation Adjustment Account to fund those benefits. As indexing is granted, the Basic Account receives from the Inflation Adjustment Account the necessary net present value funding for the granted indexing. Therefore, accrued basic pension benefits, for valuation purposes, include the liability for all indexing granted to the date of the valuation, but not, as yet unknown, future indexing.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

7. OBLIGATIONS FOR PENSION BENEFITS (CONTINUED)

The latest actuarial valuation of the Basic Account was made as at March 31, 2000 by Eckler Partners Ltd. At that valuation net assets were $524.1 million (1997 - $305.4 million) and liabilities for accrued benefits were $416.1 million (1997 - $252.3 million), resulting in a net surplus of $108 million (1997 - $52.8 million). The next formal valuation will be as at March 31, 2003 and results are expected to be available in late 2003.

As a result of this valuation, the actuary's calculated level contribution rate for basic pension benefits was 7.84% of employer payroll for salaries above the YMPE.

The present value of liabilities for pension benefits accrued to the valuation date is determined using the projected benefit method prorated on service. Net assets are valued using five-year market value smoothing. For accounting purposes, it is required that extrapolations between valuations be calculated and one has been done to March 31, 2002 using the long-term actuarial assumptions. Actuarial liabilities and net assets reflect the following long-term actuarial assumptions:

- Annual investment return 7.0%
- Annual salary escalation rate 4.5%

Also, for accounting purposes, an extrapolation on an accrued benefit basis is required to the end of the year. This has been done to March 31, 2002 using the same long term actuarial assumptions as above. On that basis, the extrapolated surplus to March 31, 2002 is $93 million. This also includes the effect of benefits in excess of *Income Tax Act* (Canada) limits, which are about $1 million.

However, extrapolations may not be reliable indicators of the next valuation results nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings and the incidence of retirements, withdrawals, etc. may vary significantly from the long-term assumptions used in the extrapolation.

No unfunded liability exists for the Inflation Adjustment Account, since the obligation for future indexing benefits is limited to the amount of the available assets in the account.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

8. RELATED PARTY TRANSACTIONS

a) Benefit Administration Costs

Administration costs include general benefit administration costs incurred by the Pension Corporation, actuarial fees, and other pension plan expenses as approved by the trustees. General administration costs incurred by the Pension Corporation are prorated and charged to each pension plan under its administration based primarily on the relative numbers of members in each plan. Included in benefit administration is $244,000 (2001 - $204,000) of Pension Corporation benefit administration costs.

b) Investment Management Costs

The bcIMC manages investments on behalf of the board and uses internal and external managers for this purpose. Total investment management fees for the current year were $865,977 (2001 – $784,716).

c) Other

Separate from the Plan, the WCB pays directly for the medical plan and extended health care premiums for retired members and their dependents. For the year ended March 31, 2002 this amounted to $594,145 (2001 - $575,371).

9. SUPPLEMENTAL BENEFITS ACCOUNT

The Supplemental Benefits Account is the account through which certain supplemental benefits are funded. For example, pension benefits which exceed *Income Tax Act* (Canada) limits for registered pension plans are paid through this account.

10. COMMITMENTS

The Plan participates in the Private Placements pools managed by bcIMC. These pools consist primarily of investments in limited partnerships.

As at March 31, 2002, the Plan's share of commitments (over the next several years) for future investment in these pools is approximately $30.5 million ($2000 - $11.7 million).

11. FINANCIAL INSTRUMENTS

The Plan's financial instruments consist of cash, investments, accounts receivable and accounts payable. The fair values of these financial instruments approximate their carrying values.

The Plan's investments are exposed to market risk due to changing market conditions. The Plan manages market risk by monitoring asset allocation strategies in relation to asset mix guidelines set by the board, and by diversifying investments within various asset classes to control overall market risk.

This publication is produced by the Pension Corporation on behalf
of the Workers' Compensation Board Superannuation Plan.
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PENSION
CORPORATION

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